

Message Text

CONFIDENTIAL

PAGE 01 SAIGON 01530 071510Z

53

ACTION EA-10

INFO OCT-01 EUR-12 NEA-09 ISO-00 IO-10 CIAE-00 DODE-00

PM-03 H-01 INR-07 L-02 NSAE-00 NSC-05 PA-01 RSC-01

PRS-01 SP-02 SS-15 USIA-06 SAJ-01 AID-05 ACDA-05

ABF-01 OMB-01 TRSE-00 /099 W
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R 071145Z FEB 75

FM AMEMBASSY SAIGON

TO SECSTATE WASHDC 2619

INFO AMEMBASSY BUDAPEST

AMEMBASSY JAKARTA

AMEMBASSY TEHRAN

AMEMBASSY WARSAW

C O N F I D E N T I A L SAIGON 1530

EO 11652: GDS

TAGS: MARR AFIN US

SUBJECT: ICCS DELAYS IN PAYING BILLS

1. PA&E AND AIR AMERICA HAVE NOTIFIED US THAT ICCS HAS BEEN FALLING SERIOUSLY BEHIND IN PAYING THEIR RESPECTIVE INVOICES. ICCS OWES AIR AMERICA ALONE OVER \$1 XILLION, INCLUDING TWO INVOICES FROM DECEMBER. SINCE WE AWARE THAT ICCS STILL HAD CONSIDERABLE AMOUNT OF CASH LEFT FROM LAST US CONTRIBUTION OF \$1.5 MILLION MADE JANUARY 6, EMBOFF CONFERRED FEBRUARY 4 WITH ACTING DIRECTOR GENERAL PUDJO, WHO DEEPLY DISTURBED BY CURRENT PROBLEM.

2. AS DEPT AWARE, POLES AND HUNGARIANS NOT ONLY INSIST ON FORMAL VETO POWER OVER ALL ICCS ADMINISTRATIVE DECISIONS OF ANY CONSEQUENCE, BUT ALSO EXERCISE THIS VETO POWER DE FACTO THROUGH ALLOCATION OF KEY POSITIONS IN THE SECRETARIAT. HUNGARIAN SANDOR MARTON, FORMERLY CARRIED ON HUNGARIAN PROTOCOL LIST AS POLITICAL OFFICER, IS HEAD OF OPERATIONAL AUDIT OFFICE, ANALOGOUS TO B&F CERTIFYING OFFICER; AND POLE JANUSZ
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PAGE 02 SAIGON 01530 071510Z

WIERASZKO IS DIRECTOR OF FINANCE, ASSISTED BY ANOTHER POLE,

ADAM MARCZAK. ACCORDING TO PUDJO, MARTON AND WIERASZKO HAVE BEEN HOLDING UP PROCESSING OBE BILLS FOR THE TWO MAIN CONTRACTORS FOR LONGER AND LONGER PERIODS OF TIME, GIVING UNCONVINCING EXCUSES FOR THEIR INACTION. PUDJO EXPRESSED PARTICULAR EXASPERATION WITH MARTON.

3. ACCORDINGLY ON FEBRUARY 5 EMBOFF CALLED ON HUNGDEL AMB NEMETH IN LATTER'S CAPACITY AS ICCS CHAIRMAN FOR FEBRUARY, REVIEWED THE COMMISSION'S DELINQUENCY IN PAYING ITS DEBTS, AND URGED NEMETH TO INSTRUCT "THE SECRETARIAT" TO WORK OVERTIME IF NECESSARY IN ORDER TO AT ONCE USE FUNDS REMAINING IN ICCS CASH BALANCE TO PAY AS MUCH AS POSSIBLE OF AIR AMERICA AND PA&E BILLS. NEMETH SAID HE WOULD HOLD DISCUSSIONS ON ISSUE. MEANWHILE, SAME MORNING PUDJO CONVENED MEETING OF KEY OFFICERS OF SECRETARIAT ON PROBLEM AND FORCEFULLY INSTRUCTED THEM TO PROCESS BILLS AS TOP PRIORITY ACTION. MARTON DECLINED TO ATTEND MEETING. FOLLOWING THESE MEETINGS PACE OF PROCESSING BILLS PICKED UP SPEED, AND SECRETARIAT HAS PROMISED TO PAY OLDEST INVOICES OF AIR AMERICA AND PA&E FEBRUARY 8.

4. IT IS NOT CLEAR IN WHAT PROPORTIONS THE CURRENT SNAFU CAN BE ATTRIBUTED TO DELIBERATE COMMUNIST ACTION AS DISTINCT FROM INEXPERIENCE OF CONSTANTLY ROTATING ICCS OFFICIALS. HOWEVER, EVERY ADMINISTRATIVE DECISION IN THE ICCS IS CONSIDERED BY THE POLES AND HUNGARIANS PRIMARILY IN TERMS OF THEIR POLITICAL OBJECTIVES. THERE ARE SEVERAL POSSIBLE OBJECTIVES THE COMMUNISTS MIGHT BE TRYING TO ACHIEVE THROUGH A DELIBERATE CONSPIRACY TO HOLD UP PAYMENT OF THESE BILLS. OF THESE OBJECTIVES, THE MOST SERIOUS FROM OUR POINT OF VIEW MAY BE AN ATTEMPT TO AGAIN PROVOKE TERMINATION NOTICES FROM PA&E AND AIR AMERICA WHICH WOULD GIVE THE POLES AND HUNGARIANS THEIR EXCUSE TO EVACUATE THE TEAM SITES.

5. WHETHER DELIBERATE OR NOT, THE ADMINISTRATIVE SLOW-DOWN BODES ILL FOR PROMPT APPROVAL OF THE DRAFT REVISED PA&E CONTRACT. ALTHOUGH PUDJO KEPT THE COMMUNIST DELEGATIONS INFORMED AT EACH STAGE OF THE NEGOTIATIONS, THE HUNGARIAN AND POLISH AMBASSADORS ARE NOW QUESTIONING THE COSTS IN THE REVISED CONTRACT. EMBOFF URGED THEM TO DEAL DIRECTLY WITH PA&E
CONFIDENTIAL

CONFIDENTIAL

PAGE 03 SAIGON 01530 071510Z

IN ORDER TO OBTAIN JUSTIFICATIONS OF THESE COSTS. PA&E MANAGER HICKS HAS TOLD US THAT IF FINAL AGREEMENT IS NOT REACHED BY FEBRUARY 28, AFTER SIX MONTHS OF NEGOTIATIONS, HE IS AFRAID HIS HEADQUARTERS WILL FINALLY TERMINATE PA&E'S RELATIONSHIP WITH ICCS.
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